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1987 AMS Office Turnover Survey Report

For the United States and Canada

276,698 employees
46,120 terminations
1,239 companies
68 cities

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AMS SURVEY

Turnover Rates Remain Stable

Voluntary job terminations are the leading cause of turnover, thus reflecting a steady economy

By Dr. Edward G. Thomas, C.A.M.

The turnover survey rate for office employees was 17% in 1986, according to the just-completed AMS turnover survey of office employees. The results of the survey are presented in this report. Sixty-eight AMS chapters and 1,239 organizations employing 276,698 people participated in the study. The 1986 study covered 46,120 terminations, both voluntary and involuntary. The participating AMS chapters are located throughout the United States and Canada, and the organizations included in the survey represent a wide variety of businesses and industries as well as governmental, educational, and nonprofit agencies.

SLIGHT INCREASE

The overall turnover rate for 1986 was 17% *(see Figure 1)*, an increase of one percentage point from the 1984 rate of 16%. The rate for 1982 was 15%. In other surveys in the series, the turnover rate has varied from a high of 21% (1973) to a low of 14% (1975).

Figure 2 presents information on turnover rates for six geographical regions. The East Central and Western regions had the highest turnover rate (18%), while Canada showed the lowest rate (13%). Both the East Central region and Canada experienced turnover rate increases of 3% from the 1984 figures. The Eastern and Western United States areas experienced small declines in the turnover rate from 1984 to 1986. Figure 5 presents a more detailed breakdown of turnover rates by geographic area and AMS chapter.

Turnover rates were computed for the various types of organizations which responded to the questionnaire *(see Figure 3)*. The highest turnover rate (23%) was exhibited by both the "Natural Resources" and "Service" categories. Public utilities experienced the lowest rate of turnover (6%). As has been noted in previous studies in the series, the "Public Utility" firms consistently experience the lowest rate of turnover.

If the 1986 turnover figures are com-

FIGURE 1
FORMULA FOR ANNUAL TURNOVER RATE

The turnover rate computed in this study was the annual rate for the calendar year 1986. A total of 1,239 firms provided the data. The rate was calculated as follows:

$$\frac{\text{Total Number of Terminations}}{\text{Average Annual Employment}} \times 100 = \text{Turnover Rate}$$

For the entire study, the calculation was:

$$\frac{46{,}120}{276{,}698} \times 100 = 17\%$$

FIGURE 2
TURNOVER BY GEOGRAPHICAL AREA

	1986	1984
FOR ALL REGIONS	17%	16%
Canada	13%	10%
Eastern United States	15%	16%
East Central United States	18%	15%
West Central United States	16%	15%
Southern United States	16%	16%
Western United States	18%	20%

FIGURE 3
TURNOVER BY TYPE OF BUSINESS

	1986	1984
Advertising, Printing & Publishing	18%	15%
Banking, Insurance & Financial	18%	19%
Construction	15%	22%
Educational	17%	15%
Governmental Agency (any level)	11%	13%
Manufacturing	13%	12%
Natural Resources (gas, oil, mining, lumber, etc.)	23%	14%
Public Utility	6%	6%
Retail Sales & Distribution	15%	20%
Service	23%	23%
Transportation	19%	19%
Wholesale Sales & Distribution	16%	16%
Professional/Fraternal Organizations	17%	16%
Research & Development	21%	10%
Nonprofit (charitable organizations)	16%	18%
Other	18%	15%

FIGURE 4
TURNOVER BY SIZE OF OFFICE

	1986	1984
1 to 25 employees	20%	17%
26 to 100 employees	19%	18%
101 to 250 employees	17%	18%
251 to 500 employees	16%	16%
501 to 1,000 employees	19%	15%
1,001 to 5,000 employees	15%	14%
Over 5,000 employees	16%	15%

FIGURE 5 — **TURNOVER RATES BY AMS CHAPTERS**

	1986 Turnover Rate	1984 Turnover Rate	1982 Turnover Rate	Number of Firms	Total Employment	Total Terminations
CANADA (Total)	13%	10%	14%	73	5,679	744
Edmonton, AB	17%	16%	29%	5	270	47
Grand Valley, ON	14%	11%	9%	16	1,101	158
Hamilton, ON	13%	8%	12%	31	2,336	310
Montreal, PQ	18%	24%	—	6	307	56
Regina, SK	10%	7%	—	15	1,665	173
EASTERN U.S. (Total)	15%	16%	15%	316	73,496	11,254
Albany, NY	19%	—	18%	22	3,833	737
Buffalo, NY	18%	11%	14%	30	2,912	521
Greater Bridgeport, CT	26%	16%	17%	9	586	152
Harrisburg Area, PA	14%	17%	11%	41	6,141	846
Lancaster, PA	11%	17%	10%	23	6,261	704
Metropolitan New Jersey	18%	19%	—	9	8,339	1,499
Montgomery County, PA	24%	21%	26%	17	3,557	837
New York, NY	22%	22%	19%	17	2,052	450
Philadelphia, PA	23%	15%	12%	16	2,985	694
Pittsburgh, PA	8%	11%	—	23	12,563	1,021
Portland, ME	11%	—	22%	9	4,560	495
Reading, PA	14%	—	10%	25	4,979	704
Rochester, NY	16%	—	—	12	2,487	410
Southern Connecticut	30%	24%	17%	7	1,253	378
Syracuse, NY	13%	9%	11%	8	2,446	319
Washington, DC	19%	—	15%	27	5,178	969
Westchester, NY	15%	16%	15%	21	3,366	518
EAST CENTRAL U.S. (Total)	18%	15%	15%	318	86,214	15,612
Chicago, IL	15%	17%	21%	32	10,067	1,511
Cincinnati, OH	22%	9%	12%	31	5,761	1,242
Cleveland, OH	13%	14%	22%	9	570	73
Columbus, OH	22%	17%	12%	62	22,550	4,927
Dayton, OH	15%	11%	24%	25	4,014	593
Detroit Area, MI	16%	17%	—	13	1,658	268
Evansville, IN	29%	—	11%	20	7,782	2,248
Ft. Wayne, IN	12%	—	8%	21	8,905	1,060
Indianapolis, IN	14%	19%	13%	37	11,168	1,606
North/West Chicago, IL	18%	18%	14%	18	4,769	852
Toledo Area, OH	16%	12%	12%	31	4,382	697
West Michigan	12%	11%	10%	19	4,588	535
WEST CENTRAL U.S. (Total)	16%	15%	13%	221	45,956	7,489
Cedar Rapids, IA	12%	14%	—	7	838	99
Denver, CO	27%	—	6%	16	2,711	721
Des Moines, IA	13%	14%	13%	53	16,139	2,090
Kansas City, MO	18%	21%	11%	20	3,877	679
Madison, WI	15%	19%	13%	22	3,009	436
Milwaukee, WI	15%	14%	10%	24	6,674	1,007
Platte Valley, NE	14%	—	—	12	944	130
Quad Cities, IA-IL	15%	9%	10%	30	3,903	572
Southern Minnesota	9%	14%	13%	11	350	31
Topeka, KS	14%	17%	—	10	2,292	310
Wichita, KS	27%	21%	20%	16	5,219	1,414
SOUTHERN U.S. (Total)	16%	16%	15%	169	38,942	6,204
Atlanta, GA	19%	22%	19%	11	2,299	441
Dallas, TX	19%	13%	22%	18	5,611	1,054
El Paso, TX	16%	—	7%	6	561	90
Fort Worth, TX	35%	28%	—	10	461	160
Greater Orlando, FL	7%	18%	18%	12	5,576	404
Greensboro, NC	16%	14%	15%	9	2,827	456
Jacksonville, FL	20%	18%	17%	13	5,097	1,011
Little Rock, AR	19%	—	16%	5	2,352	457
Louisville, KY	13%	10%	9%	15	4,268	557
Northwest Georgia	18%	—	—	5	365	67
Oklahoma City, OK	9%	22%	23%	5	611	52
Research Triangle, NC	15%	20%	7%	23	4,513	693
Richmond, VA	18%	14%	—	26	4,070	729
Roanoke, VA	9%	6%	9%	6	190	18
Winston-Salem, NC	11%	13%	15%	5	141	15
WESTERN U.S. (Total)	18%	20%	16%	142	26,411	4,817
Eugene, OR	11%	20%	12%	6	246	27
Los Angeles, CA	28%	—	—	12	2,426	680
Phoenix, AZ	12%	18%	15%	31	12,120	1,505
Portland, OR	26%	16%	18%	21	1,569	408
Salem Area, OR	19%	—	17%	19	1,275	244
San Francisco, CA	28%	32%	18%	34	2,501	705
Sequoia/Palo Alto, CA	19%	—	—	11	4,658	875
Tacoma, WA	23%	18%	14%	8	1,616	373

FIGURE 6
REASONS FOR TERMINATION

	Total		Exempt		Nonexempt	
	1986	1984	1986	1984	1986	1984
Another Job	35%	34%	12%	13%	23%	21%
Staff Reduction	8%	9%	4%	4%	4%	5%
Dismissal	11%	11%	2%	3%	9%	8%
Retirement	7%	8%	4%	4%	3%	4%
Leave City	7%	8%	2%	2%	5%	6%
Unknown	9%	7%	3%	2%	6%	5%
Return to School	4%	5%	1%	1%	3%	4%
Personal Reasons	6%	6%	1%	1%	5%	5%
Dissatisfied	5%	4%	1%	1%	4%	3%
Stay Home	4%	4%	1%	0%	3%	4%
Pregnancy	1%	1%	0%	0%	1%	1%
Marriage	0%	1%	0%	0%	0%	1%
Health	1%	1%	0%	0%	1%	1%
Military Leave	0%	0%	0%	0%	0%	0%
Death	0%	1%	0%	1%	0%	0%

Note: All percentages are rounded.

FIGURE 7
TURNOVER RATE: EXEMPT VS. NONEXEMPT

	1986	1984
All Employees	17%	16%
Exempt Employees	12%	11%
Nonexempt Employees	21%	19%

FIGURE 8
LENGTH OF SERVICE UPON TERMINATION

	1986	1984
Under 1 year	34%	28%
1 to 5 years	41%	43%
Over 5 years	26%	28%

pared to the 1984 figures, it is apparent that the largest increase (11%) was experienced by "Research and Development" organizations; "Natural Resources" firms followed with an increase of 9%. The largest decrease (7%) was exhibited by companies in the construction industry. Overall, seven categories experienced turnover rate increases, five had decreases, and four did not change.

Turnover rates by size of office are presented in Figure 4. Continuing a general trend noted in previous studies, the larger the firm, the lower the turnover rate is likely to be. The highest 1986 turnover rate (20%) was experienced by firms employing from 1 to 25 office workers. The lowest rate (15%) was exhibited by firms having from 1,001 to 5,000 employees. However, slightly smaller companies (501 to 1,000 employees) had a 19% turnover rate, two to three percentage points more than the rate for firms employing 101 to 250 and 251 to 500 office workers.

REASONS STABILIZE

Figure 6 presents information on the reasons reported for employee terminations. The major reason continued to be "To Take Another Job," with 35% of the total 1986 terminations being for this reason. A comparison of the 1986 figures with the 1984 figures reveals only slight changes in the relative importance of the various reasons for terminations. The largest decrease was only a 1% change while the largest increase was a 2% one. Overall, the six most common reasons for terminations accounted for 77% of all terminations in 1986.

The turnover rate for nonexempt employees (21%) was less than double the rate for exempt employees (12%) *(see Figure 7)*. This pattern was also observed in the 1984 and 1982 studies. In earlier studies in the series (1975, 1978, and 1980), the rate for nonexempt employees was more than twice the rate for exempt employees.

Figure 8 presents the percentages of total terminations accounted for by employees having varying lengths of service to the organization. Some 34% of all terminations were for employees with less than one year of service (up from 28% in 1984). Another 41% of all terminations were for employees with one to five years of service (down from 43% in 1984). Longer-term employees (more than five years of service) accounted for 26% of the 1986 terminations (down from 28% in 1984). Overall, 75% of the terminations in 1986 were for employees with five or fewer years of service, compared to 71% of the terminations in 1984.

STABLE BUT SLUGGISH

The general economy in 1986 was one which might be characterized as stable or perhaps somewhat sluggish, with only a few areas of real growth. While the small increase in the overall turnover rate from 1984 to 1986 may be taken as one indicator that turnover tends to reflect economic conditions, it really appears that the state of the economy tends to be reflected most in the reasons for terminations.

The harsh economic conditions of the early part of this decade were reflected in the 1982 turnover survey, which reported a lower level of voluntary terminations (taking a new job, for example) and higher levels of involuntary terminations (staff reductions, for example). The economic recovery of 1984 appeared to be reflected in higher percentages of terminations by employees taking other jobs and lower percentages of terminations attributed to staff reductions. The relatively stable economy of 1986 may be reflected in the fact that only small changes in the reasons for termination occurred between 1984 and 1986. The major reason for voluntary terminations ("To Take Another Job") was up only 1% from 1984; the major reason for involuntary terminations ("Staff Reduction") was down only 1% from 1984. □

Dr. Edward G. Thomas, C.A.M., is associate dean of the James J. Nance College of Business Administration, Cleveland State University, Cleveland, Ohio, and AMS International Vice President-Planning. *Appreciation is expressed to Dr. Thomas for developing, tabulating and summarizing this survey.*

SUMMARY:

1982 & '84 AMS Office Turnover Surveys

More voluntary terminations and fewer staff reductions mirrored the economic recovery

TURNOVER BY GEOGRAPHICAL AREA

	1984	1982
FOR ALL REGIONS	16%	15%
Canada	10%	14%
Eastern United States	16%	15%
East Central United States	15%	15%
West Central United States	15%	13%
Southern United States	16%	15%
Western United States	20%	16%

TURNOVER BY TYPE OF BUSINESS

	1984	1982
Advertising, Printing & Publishing	15%	16%
Banking, Insurance & Financial	19%	16%
Construction	22%	22%
Educational	15%	13%
Governmental Agency (any level)	13%	10%
Manufacturing	12%	14%
Natural Resources (gas, oil, mining, lumber, etc.)	14%	16%
Public Utility	6%	9%
Retail Sales & Distribution	20%	12%
Service	23%	16%
Transportation	19%	21%
Wholesale Sales & Distribution	16%	15%
Professional/Fraternal Organizations	16%	17%
Research & Development	10%	14%
Non-Profit (charitable organizations)	18%	17%
Other	15%	16%

TURNOVER BY SIZE OF OFFICE

	1984	1982
FOR ALL COMPANIES	16%	15%
1 to 25 employees	17%	17%
26 to 100 employees	18%	16%
101 to 250 employees	18%	16%
251 to 500 employees	16%	16%
501 to 1,000 employees	15%	14%
1,001 to 5,000 employees	14%	14%
Over 5,000 employees	15%	12%

REASONS FOR TERMINATION

	1984 Total	Exempt	Non-Exempt	1982 Total
Another Job	34%	13%	21%	22%
Dismissal	11%	3%	8%	12%
Staff Reduction	9%	4%	5%	15%
Retirement	8%	4%	4%	10%
Leave City	8%	2%	6%	9%
Unknown	7%	2%	5%	7%
Return to School	5%	1%	4%	6%
Personal Reasons	6%	1%	5%	6%
Dissatisfied	4%	1%	3%	4%
Stay Home	4%	0%	4%	4%
Pregnancy	1%	0%	1%	2%
Marriage	1%	0%	1%	1%
Health	1%	0%	1%	1%
Military Leave	0%	0%	0%	0%
Death	1%	1%	0%	0%

Note: *All percentages are rounded*

TURNOVER RATE: EXEMPT VS. NON-EXEMPT

	1984	1982
All Employees	16%	15%
Exempt Employees	11%	10%
Non-Exempt Employees	19%	18%

LENGTH OF SERVICE UPON TERMINATION

	1984	1982
Under 1 year	28%	27%
1 year to 5 years	43%	46%
Over 5 years	28%	26%

AMS Survey Reports

1987 AMS Business Expenses Survey — examines three main areas of company-reimbursed expenses: business travel, education, and relocation. Looks at what employees are compensated for in terms of travel, entertainment, meals, seminars, etc. Relocation portion also looks at reimbursement for moving and housing costs. Responses are broken down by company size and industry. Business travel portion is contrasted to results of 1979 and 1982 surveys.
Price: $15 ($10 to AMS members)

1987 AMS Contract Labor Survey — three-part survey covers trends in temporary help; contract staffing; and part-time employment. Gauges use and reasons for using temp help; prevalence of contract staffing; benefits offered to part-timers; more. Each category broken down by industry, company size, and region.
Price: $15 ($10 to AMS members)

1987 AMS Flexible Work Survey — covers three major areas of work schedules: flextime, job sharing, and workweeks. Identifies trends in employee scheduling. Each category is broken down by region, company size, and industry. Results are compared with 1985, 1981, and 1977 surveys.
Price: $15 ($10 to AMS members)

1987 AMS Hiring & Firing Policies Survey — covers two critical areas of employment practices. Part one, "hiring," looks at company hiring plans, how companies locate potential employees, what managers do and don't look for in a prospective employee, and the prevalence of intelligence/personality testing. The "firing" portion examines progressive discipline policies, severance pay, and the prevalence of unjust discharge suits. Each category is broken down by company size and industry. Results are contrasted with similar surveys conducted in 1985 and 1986.
Price: $15 ($10 to AMS members)

1987 AMS Managerial Stress Survey — covers stresses, strains, and burnout experienced by nationwide group of managers. Results are broken down by personality type (A, B, or combination of both); sex; job function; and industry. Stressors measured include workload, employee responsibilities, hiring and firing, more.
Price: $15 ($10 to AMS members)

1987 AMS New Benefits Survey — four-part survey report covering the major new types of benefits designed for a new, diverse workforce. The four areas covered include: flexible benefits programs; employee assistance programs; wellness/physical fitness programs; and childcare programs. Each of these categories is broken down into types of services covered, as well as by region, company size, and industry. Results are compared with 1986 survey.
Price: $15 ($10 to AMS members)

1987 AMS Office Benefits Survey — presents up-to-date information on company benefits and worktime policies from almost 3,000 companies nationwide. Items covered include pension plans, insurance, medical benefits, salary incentives, bonuses, workweeks, flexible schedules, holidays, and vacations.
Price: $20 ($10 to AMS members)

1987 AMS Office Turnover Survey — presents turnover rates and reasons for termination. Covering over 46,000 terminations in over 1,200 companies across North America, the survey reports turnover percentages by type of business, size of office, region, city, reasons, and other categories. Results are compared with previous years.
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1987 AMS Smoking Policies Survey — reports the number of companies with smoking policies in effect, where smoking is banned, hiring policies regarding smokers, "kick the habit" programs, and sample company smoking policies.
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